APPENDIX

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APPENDIX 1

14.1 *Arbitration:* Any controversy or claim arising out of or relating to this Agreement, or the breach or invalidity thereof, shall be settled by the Commercial Arbitration Rules of the American Arbitration Association (as existing on the date of this Agreement), which proceedings shall take place in the Republic of Singapore. Any Party shall have the right to require that the arbiter(s) be person(s) familiar with petroleum industry commercial practices. All Parties to the arbitration shall be treated and regarded as if all parties are United States of America citizens and residents for the purposes of the interpretation and application of the Rules before the Tribunal. The proceedings and findings shall be in the English language. The judgment upon the award rendered by [the] arbiter(s) may be entered in any court having jurisdiction thereof.

APPENDIX 2

KPMG Hanadi Sudjendro & Rekan
Registered Public Accountants
[Addresses Omitted in Printing]

October 11, 1990
Ref: 249/BJ/90

Mr Phil Keever,
Triton Indonesia, Inc.,
Griya Ampera Building, 2nd Floor,
JI Griya Ampera Raya No 18,
JAKARTA 12560

Dear Sir,

Cash Position of Non-Operator Partners

1. We have been requested by Mr Bill McClure (as per our proposal letter to him dated August 26, 1990) to report to Triton on compliance with cash obligations by the non-operator partners in the Enim project in Indonesia.

2. This is as a follow-up to our previous report to Mr McClure dated June 20, 1990 which examined the cash call, joint interest billing and revenue sharing procedures in place, and provided recommendations to improve the clerical efficiency of those procedures.

3. As part of that evaluation we examined the status, at that time, of each partners' contributions. We have now updated the schedules to September 30, 1990 and revised the format

to reflect the net obligation of the non-operator partners on a monthly chronological basis.

4. On the advice of Triton Indonesia's legal counsel that Triton Indonesia has no legal obligation to submit cash calls and JIB's to itself, this report does not consider the status of Triton Indonesia as operator.

5. A glossary of terms and abbreviations used in this report is attached as Appendix 5.

Background

6. Effective October 1, 1988, Triton Indonesia and Nordell entered into a Farm-out Agreement (including a JOA) by which Triton Indonesia acquired a 60% interest in the Enim project in Indonesia. During 1989, Triton Indonesia assigned 10% of its 60% interest (i.e. 6%) in the project to Triton Oil (NZ). This transfer has been treated as being retroactive from October 1, 1988.

7. The JOA provides for Nordell's interest to be carried by Triton Indonesia for a period to be determined in terms of financial contribution (US$ 21 million). After this period Nordell is obligated to contribute its 40% interest in cash calls and JIB's. Nordell remained entitled to continue receiving its revenue share as prescribed throughout.

8. According to the Enim project accounting records maintained in Indonesia by Triton Indonesia, the interest carry obligation ceased on or about November 3, 1989. Since that date the procedure for monthly cash calls and JIB's became operative.

9. We understand various financial and non-financial disputes have arisen between the parties, a number of which have not been resolved.

We have conducted this review of each partner's compliance with its funding obligations under the JOA. In doing so we have adopted an approach of offsetting revenues and other credits against cash obligations, a practice on which the JOA appears to be silent, except in relation to Defaulting Parties. We note that the practice of offsetting rights against obligations has obvious practical advantages.

Scope

10. Information used for the purposes of preparing this report has been taken from the Indonesian accounting records maintained by Triton Indonesia for the Enim project, particularly with reference to the cash receipts and payments books and bank statements. These records are subject to review and audit by Triton Indonesia head office, Triton Oil (NZ), Nordell, Pertamina and the Indonesian State Auditors, and therefore are subject to amendment.

11. We have not audited the accounting records for the purposes of preparing this report and nothing in this report should be construed as meaning we have audited the amounts stated herein or in the accounting records. In particular, we have not checked or verified calculations of cash calls, JIB's, revenue sharing, or the date of cessation of Nordell's interest carry obligation, as referred to in paragraph 8.

Findings

12. We have scheduled the unfulfilled financial obligations of each non-operator partner for the period from November 1989 to September 1990 and shown how, and to what extent, unpaid cash calls and JIB's have been offset by unpaid revenue sharing and JIB credits.

13. To put the above schedules in a broader context, further schedules are presented to show the unfulfilled obligations of each partner alongside the fulfilled obligations.

14. These are presented as follows (Nov '89 to Sept '90):

Appendix	Contents
1	Summary of Monthly Unfulfilled Obligations - Nordell
2	Summary of Monthly Unfulfilled Obligations - Triton Oil (NZ)
3	Partner Compliance with Cash Obligations - Nordell
4	Partner Compliance with Cash Obligations - Triton Oil (NZ)

15. The schedules presented in the Appendices show that Nordell has made the required contributions to the Enim project until April 1990; subsequent to which it has made no contributions. Unpaid credits in July put Nordell's net position into surplus compared to obligations, reflecting that, in accordance with established procedures, any excess of cash calls would be subsequently credited back to the partner through the JIB procedures.

Since the end of July, the balance of the Nordell account has moved back into deficit. This situation has not been corrected, with a significant deficit balance by the end of September. Subsequent to September 30, 1990, further entries will arise on Nordell's account for JIB obligations from August 1990 on.

16. Late payment of cash calls numbers 5 and 6 in July 1990 meant that Triton Oil (NZ) was in deficit for April through June 1990. Unpaid revenue shares were used to offset other unpaid obligations. Since July 1990, Triton Oil (NZ) has been in surplus. At September 30, 1990, Triton Oil (NZ)

had a surplus balance which was quite significant relative to the size of its interest in the Enim project.

17. The records show that neither of the non-operator partners has maintained full compliance with its Enim project obligations.

    At the end of July 1990 both non-operator partners had virtually clear accounts on their net obligation position to the project. Since then only Triton Oil (NZ) has fulfilled its net obligations.

Disclaimer

18. This report is prepared solely for the purposes of Triton Indonesia and should not be made available to any other party without our prior written approval. For these purposes, we approve the submission of this report to the arbitrators in Singapore in October, 1990 in relation to the arbitration called by Nordell in respect of the Enim project.

19. In accordance with the Firm's policy, we advise that this Firm has no responsibility or liability whatsoever arising from this report to any party other than Triton Indonesia for any loss, whether arising through negligence or otherwise, however caused, or for any omission or error contained herein.

Yours faithfully,

Agung Nugroho Soedibyo
Partner

[Emphasis Supplied]
[Appendices to letter omitted in printing]

APPENDIX 3
(10/25/90)

Summary

KPMG's Nordell Deficit @ 9/30/90:	$(663,402)
JIB: Refund Due Nordell for 11/89	415,140
Revenue: Amount Due from Nordell (Cash)	(329,053)
Amount Due from Nordell @ 9/30/90	$(577,315)

(Adjusted for obligation date of 11/25/90 and cash basis distribution of revenue.)

JIB (11/89)

Amount Billed for 11/89		$498,168
Spent per Day =	$16,605.60	
Days after obligation =	x 5	
Amount should Be Billed =	$83,028.00	(83,028.00)
Refund Due Nordell		$415,140.00

Revenue (Cash Basis)

Revenue Paid NIR [Nordell]: (10/88-1/90)	
Cost Oil & Investment Credit Oil	$4,544,404.75
Profit Oil	491,672.04
Deductions (AMI)	(13,600.00)
	$5,022,476.79
Payable to Nordell: (10/88 - 1/90)	
Cost Oil & Investment Credit Oil	$4,212,565.00
Profit Oil	480,858.81
Deductions	-0-
	$4,693,423.81
Refund Due from Nordell	$ 329,052.98

APPENDIX 4

[NORDELL CLOSING ARGUMENT]

What I'm asking you to do, in lieu of an award of money damages which isn't going to be paid, and in recognition of the fact that Triton's conduct throughout this case has been the conduct of a partner who is in contempt of his obligations to his partner, that Triton has willfully, consciously disregarded its fiduciary obligations; has -- instead of working constructively, has simply sought to hide from us the true facts.

In recognition of all that, *what I'm asking you to do, and in lieu of punitive damages which are never going to paid, is simply to issue an order which should be issued, anyway, under this agreement and under the facts, which is that the operatorship should be surrendered to Nordell forthwith. And if you did just that, we would have an anomalous situation where Nordell is the operator and where Triton continues to have a 60 percent interest in this project.*

Well, that won't work. And in lieu of punitive damages, in lieu of money damages that ain't going to be paid, *I'm going to ask you to issue an order adjusting the equity -- the participating interest in this project in a way that compensates Nordell for the actions which Triton has taken.* And I -- I will say it again. Under the clear terms of the agreement, Nordell is entitled to 100 percent interest in this project. Because of the uncured defaults, the -- the interest of -- of Triton has been forfeited.

That's a harsh -- that's the death penalty. And you may not think that Triton deserves the death penalty in this case. I do. You may not think so. But I think you'd agree with me that under the circumstances, and given the very tenuous position this project is in now, the appropriate remedy is an order that the operatorship be transferred to Nordell at this time, and *an order that an equity -- a participating interest be readjusted as you see fit.*

I'm telling you I think that it ought to be a hundred percent to Nordell. You may look at damages somewhat differently. You may look at Nor -- at Triton's conduct somewhat differently. But under California law, which I've learned quite a lot about in the last several weeks, arbitrators have a tremendous range of power, equitable powers, to fashion a remedy that's just and equitable.

Mr. Flegle began this proceeding by saying he was looking for a divorce, and we told you we were looking for a divorce, too. There's got to be a divorce. And the divorce can be on any basis that you think is fair, just, and equitable under the circumstances. And to my way of thinking, that means the surrender of the operatorship to Nordell with an adjustment of the participating interest to give Nordell its fair share of project revenues.

If you feel that Triton's conduct doesn't justify the death penalty, absolute forfeiture, then Triton can maintain a carried interest in this project.

But that's all up to you. You can make the calculations. You understand the valuations. You understand I think clearly the conduct which has brought us here today, and I think you understand the situation --

(Ms. Graf enters the room.)

MR. WALKER: -- as well as any of us could at this time.

* * *

And I, too -- *I said it before and I'll say it again. I have never seen such interest and real concern on the part of arbitrators. And we all appreciate it, and I thank you very much for everything. We've gotten a very fair and complete hearing. Thank you.*

ARBITRATOR GRUDEM: Thank you.

ARBITRATOR PYBURN: Thank you.

[Emphasis Supplied]

APPENDIX 5

McDermott, Will & Emery
2029 Century Park East
38th Floor
Los Angeles, California 90067-2917
[Remaining Addresses Omitted in Printing]

23302-11

November 19, 1990

VIA FACSIMILE

George P. Armour, Esq.
Marvin Grudem, CPA
Mr. Thomas Pyburn
Ms. Becky Pelo
American Arbitration Association
443 Shatto Place, 2nd Floor
Los Angeles, California 90020

RE: Case No. 72 T199 0204 90
Nordell International Resources Ltd. -and-
Triton Indonesia, Inc., Triton Energy
Corporation: and Triton Oil (N.Z.) Limited

Dear Messrs. Armour, Grudem, Pyburn and Ms. Pelo:

We are in receipt of Mr. Flegle's correspondence, dated November 14, 1990, submitted with Triton's Arbitration brief and submit this letter in response thereto. For the convenience

of the Panel, specific responses are in the order of Triton's requests or contentions.

1. *Increased Expenditures Authority:* Nordell strenuously objects to Triton's request that it be granted authority to expend up to $1.5 million for the ENIM Project through December 15, 1990. As described in the Arbitration, under Triton's management, operating expenditures on the Project before capital costs, have averaged approximately $700,000 - $750,000 per month (see Exhibit A7). With the recent staff cut-backs, these expenditures should be reduced from that level. Mr. Flegle's letter fails to either explain the purported "hardship" of the $1,000,000 spending limit or to proffer *any* evidence justifying a request of nearly twice the monthly operating requirements.

Nordell's objection to this request is compounded by the recent disclosure (not from Triton), that Bill McClure and Jack Monk - the senior business and technical staff members respectively in Jakarta - have been terminated, apparently as a consequence of labor proceedings instituted in Jakarta by the Indonesian Government. Since Jack Monk has been responsible for directing all of the technical aspects of the ENIM Project, his absence suggests that, as a practical matter, the project will be in a "maintenance" mode, until December 15, at least.

Although Nordell is operating in an information vacuum, given Triton's refusal to date to provide the contractually mandated financial information, Nordell recommended and the Panel granted an order which gave Triton the flexibility to spend substantially above its operating needs. A further cushion is unjustified and should be denied.

2. *Triton's Documents:* Nordell is in the process of photocopying Triton's documents and is returning them to Mr. Flegle's Dallas office as the copying is completed. Nordell expects the cost of photocopying and returning the documents to be paid by Triton.

3. *Triton's "Damages":* Triton's "request for damages" is an attempt to obfuscate the facts of the case. Nordell's Memorandum delivered November 15 establishes in detail why Triton is not entitled to damages and why the Panel should order Triton's forfeiture of the ENIM Project. In recognition of the reams of information before the Panel, Nordell will only remind the Panel that the Respondents, by admitted breaches, have contractually forfeited all of their rights *and* have legally excused *any* further contactual obligations or performance (including the payment of "cash calls" and JIB's) by Nordell.

As the record amply demonstrates, the excessive nature of Respondents' demands for additional cash advances are improper. Moreover, Triton's cash calls and JIB's were improperly: (a) calculated without respect to outstanding "cash balances"; (b) used JIB's as invoices rather than as mere reconciling statements and (c) included *"non-cash"* items (including, for example, "working capital movement") in the JIB's requested from Nordell. These calculations are particularly troubling since Pat Murphy has testified: (i) the cash calls and JIB's could easily have been calculated on a cash basis by Respondents and (ii) KPMG's "resolution" of the "inventory-in-transit" problem should have resulted, but did *not* result, in a substantial credit to Nordell.

Nordell has disputed, and continues to dispute, all of Triton's mathematical calculations with regard to the cash calls and JIB's. The propriety of *all* cash calls and JIB's can only be assessed after a complete re-computation of all applicable numbers, i.e., the "carry", "net project investment", "remittances", interest, Respondents' own "debit position" vis-a-vis cash calls and JIB's, etc. To date, this has not been done by Triton. Until this task is performed, Triton's alleged "damages" constitute only abstract speculation.

Finally, the panel should not grant *any* relief with respect to Triton's cash calls Nos. 8, 9, and 10. Questions concerning the propriety of these cash calls, which were submitted after Triton purportedly declared Nordell in default, were *not* properly before the panel and therefore must be viewed as another example of Triton's overreaching, especially since Triton failed to supply any of the financial information supporting these cash calls. Moreover, in view of Triton's past failures to contribute its proportionate cash amounts, and the recent downgrading of Triton's credit rating by Standard & Poor's (see attachment A), serious questions have arisen as to Triton's *own* willingness and ability to contribute its past and future shares of the required cash. It would thus be patently unfair for the Panel to grant Triton's requested relief with respect to cash calls Nos. 8, 9 and 10 without granting Nordell a fair opportunity to present its case on these crucial issues.

4. *Communications Between The Parties:* It is unclear from Mr. Flegle's letter which, if any, "arbitration events" or "previous actions by Nordell employees" necessitate this request. Nevertheless, Nordell has no objection to the suggestion that all correspondence between the parties occur through counsel subject, of course, to: (i) the timely delivery of the information ordered by the Panel to be provided to Nordell and (ii) the overriding right of the parties to communicate directly with respect to business transactions or settlement negotiations.

5. *Prospective Relief:* Triton's final request is speculative, unreasonable and assumes a determination by the Panel that Triton has not forfeited its interest in the project and that a "divorce" between the parties is inappropriate. Even were this to be the Panel's decision, Triton's request must be denied because it seeks an order obligating Nordell to pay, without recourse, any Triton cash call or JIB's, even if improperly or fraudulently issued. Even while the Panel is considering the current dispute, Triton is unilaterally seeking a determination, with a devasting

long term impact, on issues which have not been raised directly or indirectly by the parties in these proceedings. Such a request must be rejected out of hand by the Panel.

Should the Panel wish additional analysis, Nordell, of course, is available to address these matters, orally or in writing.

Very truly yours,

GORDON T. WALKER

GTW: lw25940
Enclosure
cc: Jim L. Flegle, Esq. (VIA FASCIMILE)

[ATTACHMENT A Omitted in Printing]

APPENDIX 6

American Arbitration Association
443 Shatto Place
Los Angeles, California 90020-1781
(213) 383-6516
Telecopier: (213) 386-2251

November 20, 1990

72 T199 0204 90
Nordell International Resources Ltd.
c/o Veronex Resources Ltd.
-and-
Triton Indonesia, Inc., and Triton Energy Corporation: Triton Oil (NZ) Limited

AAA Rules: Commercial

Danny Grunfeld, Attorney
for Nordell Intl. Resources Ltd.
McDermott Will & Emery
2029 Century Park East, 38th Fl.
Los Angeles, CA 90067

Triton Energy Corporation
Attn: Lana B. Latchford, Esq.
Associate General Counsel
1400 One Energy Square
Dallas, TX 75206

Jim L. Flegle & Marty Morris, Attorneys
for Triton Indonesia et al
Bracewell & Patterson
500 No. Akard, #4000 Lincoln Pl.
Dallas, TX 75201-3320

Michael R. Grzanka, Attorney
for Nordell Intl Resources Ltd.
Cadwalader Wickersham & Taft
660 So. Figueroa St., 24th Fl.
Los Angeles, CA 90017

Gordon T. Walker, Attorney
for Nordell Int'l Resources
McDermott Will & Emery
72 State Street, #1700
Boston, MA 02109

Dear Parties:

This will serve to confirm the the Panel's determination with regards to Respondent's request for additional monies.

The Panel has determined in favor of Respondent based on their request and additional information received today by way of a fax from Lana B. Latchford, Esq. A copy of said fax is enclosed to Attorneys Walker, Grzanka, and Grunfeld.

Receipt is acknowledged of Respondent's response to the Panel's request for additional information with regards to exhibits ZZZ and VVV.

Should Claimant wish to re[sp]ond to Respondent's letter, you are requested to do so immediately.

Thank you for your prompt attention to this matter.

Sincerely,

Becky Pelo
Tribunal Administrator

Encl. as noted

cc: George P. Armour, Esq.
Mr. Thomas D. Pyburn
Mr Marvin Grudem, CPA

APPENDIX 7

Bracewell & Patterson
4000 Lincoln Plaza
500 N. Akard
Dallas, Texas 75201-3320
214-740-4000
FAX 214-740-4010
[Remaining Addresses Omitted from Printing]

July 29, 1991

Ms. Becky Pelo
Administrator
American Arbitration Association
443 Shatto Place
P.O. Box 57994
Los Angeles, California 90057

VIA FACSIMILE

Re: Case No. 72 T 199 0204 90; In the Matter of the Arbitration between Nordell International Resources Ltd., c/o Veronex Resources Ltd. and Triton Indonesia, Inc., Triton Energy Corporation, and Triton Oil (N.Z.) Limited

Dear Ms. Pelo:

I have received and reviewed Mr. Walker's corrspondence of July 22, 1991. Mr. Walker requests you to forward four additional pages of arguments to the Arbitration Panel at the request of his "client." Respondents oppose the submission of this additional argument and evidence and respectfully suggest that the letter not be forwarded to the Arbitration Panel.

However, if the Arbitration Panel decides to review Mr. Walker's letter, please also forward this letter to the Arbitration Panel so that Respondents' position will be explained in a contemporaneous fashion. Triton has the following procedural and substantive responses to Claimants' arguments:

First, the letter, and the arguments contained therein, are too late. The Arbitration Panel asked, on July 12, 1991, if the parties had anything further to add. Mr. Walker responded:

> *"Nothing further except to reiterate that there has been a number of misrepresentations on our position."*
>
> *Mr. Armour: "We got your point on that."*

The letter should not be forwarded to the Arbitration Panel.

Second, there has been no "admittedly fraudulent financial data" supplied, compiled or prepared by Respondents. Triton has never admitted having unclean hands, or anything of the sort. The rig issues and the issues involving Pertamina officials were fully and frankly discussed during the arbitration in Singapore. Triton offered to provide its own testimony on the purported issues if the Arbitration Panel felt it necessary.

Mr. Calloway testified that Exhibit VVV was prepared based on actual cash payments made. The issues of "inflated price" were not a part of his calculation -- which, in fact, supports the award issued by the Arbitration Panel on December 13, 1990.

Third, Exhibit VVV is based on the cash method. The background for this cash method came from a meeting between Mrs. Latchford and Messrs. Hite and Laferty in May 1990. A copy of pages 1754-1755 of the arbitration transcript is attached where Mrs. Latchford explained the conversation. There was no testimony contradicting Mrs. Latchford's statements.

When Exhibit VVV was originally offered, Mr. Grzanka had certain questions about how Exhibit VVV differed from

Exhibit 106 (attached to Trition's answer to Interrogatory 106 in July 1990). The discussion covers four pages of the arbitration transcript (pp. 1781-1784). At the conclusion of the discussion, the following occured;

> *Mr. Armour: Are you satisfied, Mr. Grzanka?*
>
> *Mr. Grzanka: Yes.*

Moreover, Exhibit VVV was the basis -- in material part -- for the calculations by Mr. Calloway contained in Exhibit ZZZ. When ZZZ was offered after Mr. Calloway's testimony, there was no objection. A copy of page 1825 of the arbitration transcript is attached showing the admission of the exhibit.

Fourth, Nordell continually misrepresents the status of the Gavan and Richport interests. Mr. Walker partially quotes Article 2.4(3) of the Farmout Agreement concerning Gavan. The part of that provision which Mr. Walker left out of his letter is as follows:

> *" and that NORDELL shall pay such amounts directly to GAVAN (and its successors and assigns) along with any other amounts, if any, due to GAVAN (and its successors and assigns). . ."*

Mr. Walker, again, ignores Section 10.6 of the Farmout Agreement, which Triton specifically referenced in the final argument on July 12, 1991 (final argument transcript page 119). In that section, Nordell agreed to pay *"any net revenue interest, net profits interest, overriding royalty interest or any other claim to ENIM Production due to GAVAN or RICHPORT (or the successors or assigns of either party) directly to the party at interest. . ."* Of course, there is further language in the Farmout Agreement concerning Richport's interest, which again fully supports Triton's position. At Section 2.5, Triton and Nordell/Veronex agreed to obtain an instrument executed by RICHPORT,

> *" which instrument shall provide: RICHPORT's release in favor of TRITON of any claim, lien or right that RICHPORT owns in the ENIM contract. . ."*

If Gavan or Richport have a problem with payment, they have a remedy: discuss it with Nordell. It is the obligation expressly undertaken by Nordell to compensate both of these entities.

Fifth, Veronex can be held liable for the payment of monies owed to Triton, as the Arbitration Panel ordered on December 13, 1991. Triton has submitted numerous legal theories and has explained the evidence leading to this conclusion. Surprisingly, the November 13, 1988 letter agreement where Veronex expressly ratified and reaffirmed the Farmout Agreement has been ignored by Nordell and Veronex. Again, that is not an insignificant letter. It was executed, with full advice of counsel, by Messrs. Hite and Laferty who expressly stated that they had the authority to execute on behalf of Nordell, Veronex, and themselves personally.

Sixth, the exhibits to the Nordell/Veronex brief constituted new evidence. Mr. Walker attempts to compare the recent Nordell/Veronex exhibits to Respondents' Exhibit ZZZ. There is a critical difference in these exhibits; Respondents' Exhibit ZZZ was admitted into evidence on October 10, 1990 prior to the close of evidence. Claimants' new-formed "comparisons" were not. To burden Triton with the obligation of guessing the source of the newly submitted exhibits, much less the methodology and content, is to go beyond the bounds of Judge Rafeedie's order and proper procedure.

Seventh, in its briefing and argument, Nordell requested that the Arbitration Panel at least allow it to keep its cost oil recovery even if it did default in its obligations. This matter was discussed in detail during the 1988 negotiations, and rejected. Mr. Dur testified that in the end, the parties agreed to an absolute standard for default. When default occurred, interest in the cost oil

was also forfeited. A copy of Mr. Dur's testimony at transcript pages 1506 and 1507 is attached.

Finally, Judge Rafeedie did not even suggest by the remotest of implications that the Court wished to see a complete recalculation of amounts owed or obligations assumed. The Court requested a clarification of these issues. Triton suggests that the Arbitration Panel should so clarify the specific issues remanded and complete this phase of the arbitration.

Very truly yours,

Bracewell & Patterson

Jim L. Flegle

JLF/lds
Attachments

cc: Mr. Gordon Walker
Mr. Michael R. Grzanka
McDermott, Will & Emery
2029 Century Park East, 38th Floor
Los Angeles, California 90067
(with attachments)

FLEGLE: Your Honour, we will offer 'ZZZ', 'A1' and 'A2'.

EXHIBIT 'ZZZ'

EXHIBIT 'A1'

EXHIBIT 'A2'

[ARBITRATOR] ARMOUR: So admitted.

* * *

[LANA LATCHFORD TESTIMONY, October 25, 1990, Questioning by Mr. Flegle]

Q: Let me move ahead in time - almost a year, over a year and a half, to May 1990, Ms Latchford. Did you have an occasion to just stay at a meeting with Mr Laferty and Mr Hite in May of this year?

A: Yes I did. That meeting was May 25, 1990 at Triton Energy Corporation's offices in Dallas, Texas.

Q: What was your understanding of the purpose of the meeting in Dallas?

A: My understanding was that Nordell was interested in making some sort of proprosal to Triton Energy Corporation to buy out Triton Indonesia Inc's 60 per cent interest in the Enim project.

Q: I wanted to ask you about a particular conversation within the meeting. By the way, how long did the meeting last?

A: Probably 45 minutes, an hour or so.

Q: Who else was there?

A: Mr Lee, who is chairman of the Board of Triton Energy Corporation, Mr Gore, who is president of Triton Energy Corporation, Mr Kroll, who is general counsel of Triton Energy Corporation, Mr Tatum, who is senior vice-president

of operations, Mr Ciavarra, I think he's vice-president of engineering for Triton Energy Corporation, myself, and of course Mr Laferty and Mr Hite.

Q: Was there a discussion at that meeting about what position Nordell and Veronex took about the cash, the "cash" method of accounting as it related to the farm out agreement we're discussing in this case?

A: Yes there was. I asked -

Q: Okay go ahead. Can you please discuss that.

A: I asked Mr Hite and Mr Laferty directly what they meant by the term "cash accounting" in all of the correspondence that I was reviewing. I asked them if what they meant by cash accounting was cash for expenditures and cash for revenues too. They said yes. I asked them that same question I know twice. Probably three or four times but I know twice and both times they responded that cash accounting was for expenditures and revenue.

Q: You say you asked several times?

A: Yes.

Q: After you received that information from Mr Laferty and Mr Hite about cash accounting, did you give any instructions to Mr Callaway?

A: Yes I did.

Q: And what instructions did you give Mr Callaway?

A: I asked him, in preparation of the response to Interrogatory No. 106 of Nordell's to Triton, to treat cash receipts or remittances from Pertamina as a cash entry on 106, not to treat it as accrual.

* * *

APPENDIX 8

[CALLOWAY TESTIMONY, October 25, 1990, Questioning by Mr. Flegle]

Q: Now, let me ask you this, Mr Callaway. When you were in Jakarta in February 1990 did you fool around with the records?

A: I'm not sure I know how to answer that. I worked with a lot of records with the intent of straightening things out, not with the intent of anything else.

Q: Did you have anybody working with you or did you see anybody that had the intent of fooling around with the records?

A: Absolutely not.

Q: At any ways, can you determine any motives for Triton to act this way, evaluate whether the internal auditors did alter or modify the books and records of the project. Did you or anyone working with you alter or modify the books and records of the project?

A: We did not.

Q: Mr Callaway, I am going to be asking you about exhibit 106 or what was 106 in just a minute and asking you about your conclusions on some assumptions concerning the termination of the carry. Before I get there, have your conclusions, your assumptions and your resolves on the carry been placed on the Triton Indonesia books?

A: To my knowledge they have not been.

Q: Do you know the reason for that?

A: It's been sort of a moving target. We didn't want to change it every time we came up with a new interpretation of a different clause. We'd like to arrive at what we consider is the final solution to this problem and then make the corrections to agree with that.

Q: Now, when you were there in February, Mr Callaway, was there any effort on your part or anyone that was working with you to your knowledge to put information in a format that would hide certain things from Mr Maupin or anybody sent over from Nordell?

A: No, sir.

Q: What was your purpose in February?

A: As soon as we realized that we had a problem with - or a possible problem with termination of the carry, our main focus became to calculate my opinion of when the carry ceased.

Q: Is that what you set out to do?

A: That's correct.

* * *

Q: Now let me digress just one second, Mr Callaway. How did you go about collecting all this information?

A: *Most of this was done in Jakarta in June of this year. I went each of intercompany billings and supporting documentation to those billings and put it all into my computer, including a paid date. I sorted that information on date paid and started [summarizing] it on a cash basis to make sure that it was consistent with the terms of the agreement. Then put a certain code in here which utilised formulas to split these amounts up into various categories such as capital assets.*

Q: Mr Callaway, were you the man in charge of this project?

A: Which project?

Q: The calculation of this? *The schedule that you were just describing, were you the person in charge of getting that schedule?*

A: *I was in charge of it and I was the one who did it, yes.*

Q: *So to the best of your ability, the numbers there accurately reflect what you found?*

A: *In the time frame, yes. I may have some problems in here, I don't know, I was not doing a complete audit of everything in here.*

Q: I understand that and I understand the precision with which accountants use some of that language of. *Do you know of anything that exists right now that would change the numbers on 'XXX'?*

A: *Without doing an audit, no.*

* * *

[Questioning by Arbitrator Armour]

Q: And so you're offerring at this time? *'ZZZ' a thing called JIB, 11/89 and page is somewhat...called revenue and cash basis.*

A: *It's correct.*

Q: *Do there pages reflect your work, Mr Callaway?*

A: *They do.*

Q: *You are responsible for it?*

A: *I'm responsible for it.*

* * *

[CONTINUED CALLOWAY TESTIMONY, Questioning by Mr. Flegle]

Q: *So do you know anything about the condition of the office when Triton took over in '88?*

A: *Only the horror stories that I have heard about it.*

Q: *How long did it take you to clean up?*

A: *Quite a few months I am not sure.*

Q: *Are you saying that still has not been cleaned up?*

A: *I say still not. We still have for instance accounts payable that we have a problem with it totalling over $400,000 dating to October 1, 1988. A couple of hundred probably Maybe not that many but it is quite a few.*

Q: *Not just two or three?*

A: *No sir.*

* * *

[Emphasis Supplied]

APPENDIX 9

[JIM McDONOUGH TESTIMONY, October 23, 1990, Questioning by Mr Flegle]

Q: Do you know how this was done here with regards to the rig?

A: We purchased the rig.

Q: 'You' being?

A: Triton

Q: Triton Energy?

A: Energy.

Q: Purchased the rig, directly from Cartwell?

A: No. It had to some way go through Budi Harta Saki, for Cartwell wouldn't do business with Budi Harta Saki because Budi Harta Saki still owed him $50,000.

Q: So Cartwell insisted that the deal been done through Triton Energy?

A: Right.

Q: Do you have any information exactly how the deal of the rig was done other than you jacking up this purchase order and sending it to Mr McAdoo. Do you know how it was actually done?

A: I don't understand what you mean, 'actually', you mean the purchasing process?

Q: Yes

A: Okay. The Indonesia office place the order with Budi Harta Sakti. Budi Harta Sakti let us know about it. We bought the

material and pay for it. We charged Indonesia for it. I believe this is the process. Somehow Budi Harta Sakti got it's commission all out.

Q: You know how?

A: No I don't know how the B T companies offer. They just give you a bill and you paid it.

Q: How much is charged to Triton Energy to Triton Indonesia for this?

A: Exactly what was paid for.

Q: Are you saying then the original price that Triton Energy purchased was it for in fact Triton Indonesia purchased it for plus Budi Harta Sakti percentage?

A: Yes sir.

Q: Any one else?

A: Richard McAdoo.

Q: Any one else?

A: There must have been but I don't recall.

Q: You talked with Mr Callaway about it didn't you?

A: No, I don't believe so. I may have.

Q: Talk to Cheatham about it?

A: Probably did. I don't recall.

Q: How about Mr Tatum?

A: No.

Q: Besides Mr Flegle and Miss Latchford have you talked to any one about this rig transaction in the last month?

A: Since I have been here, no.

Q: Have you been here for long?

A: Three weeks.

Q: About a month?

A: No, I did not speak to anyone about it prior to this.

Q: Are you satisfied with the quality of the rigs and equipment purchased?

A: Best money can buy.

Q: Price was a good price?

A: Excellent.

Q: Did you negotiate the purchase of the purchased price for all the equipments we are talking about?

A: Yes sir.

* * *

[Questioning by Mr. Grzanka, counsel for Nordell]

Q: You don't know whether Mr McAdoo ever used that [a rig purchase order] or not?

A: I do not.

* * *

Q: Do you know how much the joint account was charged for these rigs?

A: No, I have no idea.

APPENDIX 10

[RICHARD McADOO TESTIMONY, October 24, 1990, Questioning by Mr. Armour]

Q: Mr McAdoo, you realize you are still under oath?

A: Yes.

Q: Mr McAdoo, we are ordering any of the witnesses, anyone who has heard any of these hearings up till now, not to disclose anything they have heard or read in this proceeding?

A: Okay.

Q: Do you understand that?

A: I understand that.

Q: Or discuss it with anyone?

A: All right.

[Questioning by Mr. Flegle]

Q: Mr McAdoo, we have discussed a portion of what I would call a highly confidential section of this record, of a document called the Callaway report and it was written on September 25, 1989. When did you first see a copy of that, sir?

A: Some time in mid November 1989.

Q: Can you tell me how you saw a copy?

A: I first saw a copy when Mr Phil Keever brought it into my office and said that he had a copy of a report that Mike Callaway, the director of audit, had written in a visit to Indonesia two or three months previously and he said he had been given the report by Joe Sieviera with instructions not to show it to me and that he felt it was a very serious memo. He was

concerned and worried about the content of it and he wanted to show it to me and he warned me that I would not like it but he felt duty bound to show it to me.

Q: You are the general manager of the Triton Indonesia office?

A: That's correct.

Q: You were in Mr Keever's office?

A: That's correct.

Q: Did you make a copy of that report (inaudible)?

A: I still have a copy Mr Keever gave me.

Q: You didn't give it back to Mr Keever?

A: No, I did not.

Q: Did you give a copy back to Mr Keever?

A: No, I did not give anything back to Mr Keever.

Q: Do you know if (inaudible) Mr Keever ...?

A: No, I do not.

Q: Where did you put your copy of the Callaway report?

A: I took it home and kept it locked up in a briefcase in my house. I was very concerned that it would get out into the Indonesian employees or perhaps the Indonesian authorities such as Pertomina.

Q: How many other Triton Indonesia documents do you keep at your house?

A: I kept a copy of the farm out agreement at my house and also the deed of assignment from Triton Indonesia to Triton New Zealand.

Q: Did you keep any of the daily records or any of the financial statements or any of the operating (inaudible)?

A: No, I did not.

Q: What documents of Triton Indonesia did you take with you when you (inaudible)?

A: As best I can recall, the Callaway report. That's the only one.

Q: Why did you take that report with you, Mr McAdoo?

A: I was very concerned that I was being set up as a scapegoat for the lack of performance of the operation and I felt that memo afforded me some sense of protection.

Q: Kind of some leverage to be used against Triton?

A: Not leverage to be used against Triton; leverage to protect myself.

Q: From what?

A: From the accusations and the allegations that Mr Callaway had made in that memo. I worked for several years in Indonesia and I value my experience and position with the Indonesian government, particularly Pertomina, very highly and some of the things that Mr Callaway very unprofessionally, in my opinion, set forth in that memo and then allowed to circulate back to the field office in Indonesia certainly put my relationship with Pertomina at great risk and jeopardy and put Triton's position there at even greater risk.

Q: But even at the expense of risking Triton, you kept a copy?

A: Yes, I did.

Q: Who have you shown the copy to that you kept?

A: I've only shown it to Roland Siouffi. I showed it to Roland Siouffi the day after it was presented to me. Mr Siouffi is management advisor who has 6 contracts with Triton and it was his designated responsibility to advise me as management on affairs with Pertomina, with the government of Indonesia. I

was extremely troubled by some of the things Mr Callaway alleged in this memo and I needed his advice. His advice to me was that memo should disappear completely and whatever I did not to let a copy get out.

Q: You didn't take his advice, did you?

A: Not unless this proceedings started and it became clear that Triton was going to use me as an excuse for a lot of the things that Triton has gotten itself into.

Q: Well, (inaudible) into that, Mr McAdoo. You didn't take Mr Siouffi's advice and make the document disappear completely?

A: He didn't tell me to make it disappear completely. He thought it would be good protection for me in the future.

Q: Mr Siouffi suggested that you keep it to protect yourself?

A: I think I suggested it to Mr Keever - Mr Siouffi, and he understood my feelings.

Q: So you showed it to Mr Siouffi and then suggested to Mr Siouffi that you keep the report to protect yourself later. Is that what I hear you saying?

A: Yes.

Q: In November 1989?

A: That is correct.

* * *

Q: Now, once you assumed your general manager responsibilities at Triton Indonesia in November 1988, there came a time when Triton Indonesia needed to purchase some rigs for the Enim project. Is that right?

A: Yes, that's true.

Q: Isn't it fair to say the purchase of the rigs was done under your instruction and direction?

A: The Indonesian side of the purchase process was carried out under my direction, yes.

Q: Let me show you a document I've marked as TTT, which is a memo dated June 12, 1989. See if you can identify that as a memo that you prepared and sent to Triton Dallas concerning the rig purchase?

A: Yes.

Q: Is that your signature on the third page?

A: It is.

Q: When you say that you handled the Indonesian side, my reading of this memo looks like you not only handled the Indonesian side but you also gave instructions on how it was to be handled on the Dallas side. Did you give instructions on how it was to be handled on the Dallas side?

A: No, I gave - I discussed the rig purchase deal with Joe Sieviera [sic] at some length and he - we tried to work out a mechanism to handle it on the Dallas side.

Q: And the reason that you had to have a mechanism to handle it was what?

A: Well, Triton Dallas had no system of purchase orders. They were not equipped to handle the purchase of oil field equipment and what we needed was for Jim McDonough, who was very helpful in the whole process, to go around and purchase in the United States at rig auctions or wherever he could get them, the necessary components and accessories (inaudible) ready to roll drilling workover units.

Q: Do you dispute the comment that through Mr McDonough's work approximately $750,000 was saved on the value of the equipment purchase?

A: Yes, I would dispute that fact. I think it was considerably more was saved.

Q: You think savings to the project through McDonough's work were even higher than $750,000?

A: I would say they were at least $3 million.

Q: And I take it there would be no dispute that at the time the $3 million was saved for the project Triton was still in the carry period, right?

A: I suppose it was, yes.

Q: Meaning prior to November 1989?

A: The rig purchase was a very long and involved thing. It took - the rig purchase was actually begun in February of 1989 and it was not yet complete when I left Triton in December. And, you know, the purchase orders and invoices and everything, they were staggered payment terms. It would be so much on purchase order, another amount on the rigs leaving the yard, fabrication facility, and the balance when they arrived in the field. So certainly some of the costs were incurred during the period in which there was a carry. Some of the costs were past that position. Regardless of whose calculation you might want to use.

Q: While you were general manager of Triton Indonesia was there any conscious decision by you to use the rig purchase as an effort to double bill the net project investment or the carry account?

A: No, there was never any intention to do that at all.

Q: When you say on page 2 of 3, item 8, "I realize you guys may find these elaborate maneuvers to accomplish a simple objective. I won't argue that point at all. Suffice it to say they are necessary and they will work", what did you mean?

A: Well, I mean that this is an unusual method of buying equipment and bringing it into Indonesia because of the timing and because of certain elements involved. At this point in time of this memo I think we had the hardest part behind us.

Q: I take it your position is that this rig purchase procedure was legal and in accordance with your understanding of the Indonesian policies?

A: It was by the book, referenced, as a Pertamina re purchase approval letter which you must have prior written Pertamina approval, prior to issuing the purchase order. That was achieved. I personally took two senior Pertamina representatives on a trip to Elderado Kansas to view the rigs which is another part of the Pertamina procurement regulations for drilling and work over rigs, a Pertamina representative must view and inspect the rigs and sign all of them before they are shipped.

Q: So I take it you vigorously disagree with Mr Maupin's conclusion about this rig transaction, don't you? His conclusions that these things could jeopardise the project and in violation of Indonesian law?

MR ARMOUR: He was not here when Mr Maupin testified.

Q: You know that Mr Maupin has said that he has talked with you about the rig transactions?

A: No, I wasn't aware of that.

Q: Has he talked with you about them?

A: Yes he has.

Q: And you and he disagreed on whether they are in accordance with the law - with the book don't you?

A: We certainly do.

Q: In fact, is it fair to say that you vigorously disagreed with Mr Maupin's conclusion?

A: Well Mr Maupin is not an expert on Indonesian procurement regulations and what Mr Maupin's main objection is, the fact that Triton Dallas billed down in intercompany billings, some of the rig equipment costs which was specifically not to be done, because Triton Energy Corp cannot sell the rigs to Triton Indonesia those cost need to come into Triton Indonesia through a P T P T company. Mr Maupin saw intercompany billings coming into Triton Indonesia, which to the best of my knowledge were reversed. Mr Keever and I made a conscientious effort to review those billings to reverse those charges. And I think what Mr Maupin is referring is that.

Q: He wrote on p. 14, "It is the opinion of the auditors that the operator -" and I take it the operator, and I take it the operator was Triton Indonesia, was it not?

A: At that time, it was.

Q: "It is the opinion of the auditor that the operator knowingly handled the rig purchase in a manner that was inconsistent with good business purchasing practice of Indonesian regulations". You disagree with that, don't you?

A: I do disagree with that and I disagreed with Mr Maupin also. It was handled according to Pertamina procedures and guidelines. The test of that remains to be seen, but will be seen at the next audit and I'm confident that that equipment will pass Pertamina audit with flying colours.

Your Honour, we would offer Exhibit 'TTT'.

* * *

Q: Just this question, Mr McIndoo [sic]. There's no question in your mind that you were General Manager of Triton Indonesia office until at least December 9, 1989, is that right?

A: Can you say that again.

Q: You were General Manager of Triton, Jakarta?

A: I was Vice President/General Manager that's what my appointment letter says.

Q: And there is nobody in Indonesia you reported to?

A: Nobody, yes.

Q: So when you tell us that you didn't see all the documents about the rig deal, it wasn't because you didn't have the authority to see them if you wanted to look at them. Is that right?

A: I presume that there were many documents about the rig deal involving Mr McDonough's trips and purchases I was only interested in summaries of those things.

Q: And you do not say that you were asleep with the watch or something and the stuff was slipped in under your nose in ~~Jakarta~~, are you?

A: No it would have been almost impossible to slip it under my nose or the Indonesian's custom nose.

* * *

APPENDIX 11

[RICK POULTON TESTIMONY, October 16, 1990, Questioning by Mr. Flegle]

Q: *Sir, if I ask you if you knew how what you have testified to today applies to the carry calculations, you can't give us number impact, can you?*

A: *No sir.*

Q: *And if we ask you today what you testified to impacts net project investment calculations, you have no idea how...?*

A: *Conceptually I do understand it.*

Q: *I understand the conception.*

A: *You mean the actual calculations, the actual figures?*

Q: *Yes.*

A: *No.*

Q: *And if I ask you what the actual figures were in the cost pool and how your testimony today applies to those actual figures, you don't have any idea of that either?*

A: *Not really, no.*

* * *

Q: *You are saying that the payments were made for materials that were never received?*

A: *No, I'm saying that I could not confirm receipt. I don't know whether the materials were received or not.* I felt that it was inappropriate to make the entries until it could be confirmed whether or not the materials had been. I felt it was inappropriate to take it out of in transit until there was a document, you

know, that demonstrate the materials had been in fact received.

Q: So, it could be that all this build-up in the in transit account was legitimate materials that were received?

A: That is possible. I am saying that I had, you know, at least identified excess of $300,000 of rig and rig equipment charges, that were included in the transit account, where I had made a diligent search for receiving documents and had not been able to locate that I had attempted.

* * *

Q: Alright, well let me, not that I agree with you Mr Poulton, but let me just take your line. The subsequent assignment of this in transit account - are you with me so far?

A: Yes.

Q: Was incomplete at the time you resigned. Was it not?

A: It was incomplete.

Q: And as a matter or [sic] fact do you know that Triton hired KPMG to complete it?

A: As a matter of fact, I met with KPMG the day after I resigned to brief him on what had been done. I specifically came to meet with KPMG to transfer my responsibilities or what I had been working on and to fully inform them as to what I had been done and to make myself available for them to proceed with whatever accounting they thought appropriate.

Q: And did you know that KPMG completed it it about 60 days?

A: I don't know.

* * *

Q: And my question to you originally was what personal knowledge you have about that about Foreign Corrupt Practices Act or about - ?

A: By Triton?

Q: Yes sir.

A: What was stated at that meeting?

Q: Did you see a payment made?

A: I did not.

Q: Do you have any personal knowledge of any payments?

A: I do not.

PROCEEDINGS OFF THE RECORD

PROCEEDINGS RESUMED.

Q: My question to you, Mr Poulton, is- other than this conversation you had with Mr McClure, when you say Mr McClure said something to you?

A: To March 9th?

Q: Yes sir. Conversation. Have you seen any records?

A: No.

Q: That show payments? Did you check?

A: No.

* * *

Q: Okay, alright. Now I also heard you say today that there were, I believe I heard that you were concerned that documents were being fabricated. Do you remember using those words?

A: I was concerned over a scheme to fabricate documents, yes.

Q: Do you know if any documents were actually fabricated, in your ...?

A: To my knowledge when Barry Jones refused to go along with that procedure that that was abandoned.

* * *

[NORDELL SUBMISSIONS]

MR GRZANKA: For the record, let me tell you what this packet is. The first page is the Californian Civil Code definition of deceit, s.17 and of course in California, deceit and fraud are synonymous charges. The second page is, I think, from Whitfield & Hunter to prove that.... It cites Syme v. Malouff, a joint venture case which is the third component of this packet. We give you the entire case of Syme v. Malouff....and concealed one by the other. The last is what I call a pot pourri - three pages that deals with proving intent to deceive from circumstancial evidence as opposed to....evidence.

[Emphasis Supplied]

APPENDIX 12

[GRAHAM HOLDOWAY TESTIMONY, October 19, 1990, Questioning by Mr. Flegle]

MR ARMOUR: Mr Holdoway, what's your full name and address, please?

A: Graham Ian Holdoway. ....Barat 21 II Jakarta, Indonesia.

Q: Mr Holdoway, how are you currently employed?

A: I'm currently employed as a technical adviser by the KPMG firm in Indonesia.

Q: How long have you been employed by KPMG?

A: Since June 1984.

Q: How long have you been a partner?

A: Since July 1988.

Q: What is your educational background?

A: I've an undergraduate degree in Administration from Victoria University of Wellington in New Zealand. I've a postgraduate diploma in Accounting from the same university. I'm a Member of the Society of Accountants in Australia and also a Member of the Institute of Chartered Accountants in Australia.

Q: By the way, where were you born?

A: New Zealand.

Q: And where do you consider your home now?

A: Melbourne, I guess.

Q: How long have you been in Jakarta?

A: I've been in Jakarta on a permanent basis since April this year. I've previously done two short term assignments for three weeks at a time in 1985 and 1986.

* * *

Q: I want to get to the business at hand, Mr Holdoway. In terms of the work that has been performed by KPMG for Triton Indonesia, can you briefly describe for the members of the panel the participation of Mr Barry Jones, who is in the room with us, who is acting as a technical adviser, your participation as technical adviser and the participation of Mr Nugroho, back in Indonesia, and who is a partner in Indonesia?

A: The firm had had some involvement with Triton since they took over the operatorship providing limited tax advice. We received a call from Bill McClure in April this year and I went to see Bill on 1 May. Bill described to me a problem that he was having in reconciling his inventory in transit account and asked if we were able to help them with that task. Bill said to me that he'd recently arrived, I think, in February and that he had a whole range of areas that were not under acceptable control and the way he decribed it was he was splitting off one area and saying 'well, if I've got KPMG involved in that, I don't have to worry about that. I can go on to the other areas.' We got a senior manager out of Melbourne, who came up, a guy called George Pappas, who came up and led that work, working with a number of accountants from our audit division. He worked on that for a period of, I think, around six weeks. As that work was winding down, Bill asked George if he could go on to look at another area that Bill was unhappy about performance. And that was the area of cash calls, joint interest billings, specifically to work out what had happened and also, if you like, to fight the fire and try to put it out by putting together in proceduares and that work was done in early June. Attached to that work was a listing of cash calls and JIBs made and - sorry before we go on to that - at the end of May, for the

first time we were asked to do what we call "agreed upon procedures" for the audit of Triton Indonesia Inc., which was being done by our Dallas office. And Nugroho had a direct involvement as the audit partner in that. And then following on from that, we were asked to update and extend our work on the cash calls and joint interest billings to provide information for this hearing. That is contained in the letter of 11 October. Barry Jones was the person who was responsible for going back and re-working the schedules and presenting it in this form. The work that we'd done previously had been procedurally an administratively directed, I guess. This was for a specific purpose. So it was different and a higher standard of care with how it was exactly done was applied to us.

* * *

Q: *Now, at any time during the work on behalf of Triton did anyone tell you that the term "glossing" or anything like that was what you were supposed to be doing?*

A: *No.*

Q: *Was any effort made - will you tell us - one way or the other to overcharge Nordell's account, undercharge Triton's account, do anything other than what was the appropriate way under the circumstances?*

A: *None of our work was directed towards that end but equally I never saw or heard of any such instances.*

* * *

Q: At the end of 6 weeks on this project how did KPMG feel about the work that it had done and what it was handing over to Triton Indonesia?

A: If I could answer that slightly obliquely. I - George Papas, the consultant who did it, has worked for me for two years and I thought it was the best piece of work that George had done for

me to that time. It was taking a situation where there were 5 pieces of information you need and you maybe had 3 and providing the work has been carried forward in the way that George set out, you'd have - and also the other things that affect it because obviously if you've got poor controls over your general ledger things can go amiss in different areas. But there was no reason why they wouldn't be 6 to 12 months away from having a fully functioning inventory system.

* * *

Q: Let me turn your attention, Mr Holdoway, to October 11, 1990 report which was previously marked as claimants exhibit 54. Now, let me ask you this. Claimants exhibit 54 is a document that has Mr Nugroho's signature on it as partner. Is this document the report that KPMG prepared for Triton on the position - cash position of non-operating partners?

A: Yes, it is.

Q: Now, in terms of this report, can you point the members of the panel and myself to the part of the report that indicates the balances either owed by or due to the non-operator partners as of the terminating date of the report?

A: Well, appendices 3 and 4 are the most comprehensive statements.

Q: *Appendix 3 has the caption 'Enim contract area, Indonesia. Partner compliance with cash obligations to September 1990. Partner Nordell'?*

A: *Yes.*

Q: *In terms of that appendix, can you tell the members of the panel the conclusions of KPMG on what Nordell owed or was due as of September of 1990?*

A: *It is the figure in the final column, the bottom right-hand corner, 663402.*

Q: *And that 663402 indicates what?*

A: *The funding with the - the funding to the project was short by that amount.*

Q: *So is that amount due to or owed by Nordell?*

A: *Owed by.*

Q: *And by the way, can you tell from this chart and the information the KPMG reviewed what month was the first month in which there was an owed by amount in the Nordell column?*

A: *May 1990.*

Q: *And the owed by amount for that month was what?*

A: *$US457,284.*

Q: *Appendix 4 is captioned 'Enim contract area Indonesia. Partner compliance with cash obligations to September 1990. Partner Triton Oil New Zealand'. Can you tell from that chart what the balance for Triton Oil New Zealand is as of September 1990?*

A: *Yes, the bottom right-hand corner again.*

Q: *And the number is what?*

A: *235853.*

Q: *Is that owed to or owed from?*

A: *That's owed to.*

* * *

Q: *As you were going through this project leading up to June 18 1990 report, in any of the reports that you got from your own internal people, were there any conversations of them telling you or you telling them, 'Hey, this looks like fraud. It looks like lying, cheating, stealing from Nordell'?*

A: *No, no.*

Q: *Or padding the project so that Triton didn't have to put in any money or overcharging Nordell?*

A: *No.*

* * *

[Emphasis Supplied]

APPENDIX 13

[PHIL KEEVER TESTIMONY, October 26, 1990, Questioning by Mr. Flegle]

Q: The first set of question I have is about the interim period and the days before in you due diligence efforts and something that I almost got into before you told us all -. What part of the due deligence did you play?

A: I was involved mainly with the inventory and fixed assets.

Q: And what did you do?

A: First thing which I do was to establish on the books what the balances were for both of those accounts and we were able to come up with a - I guess a number that we thought was approximate for both of those categories and we were given a listing of warehouse inventory by - that had been prepared by Nordell. I think perhaps Mr Hariendja and perhaps another member of the procurement staff there had prepared the document which was a physical inventory of the field operation, ... and the outlying ...and any place where there were inventory items stored. There was never, to my knowledge, a detailed listing of fixed assets provided because, according to Nordell and according to our own experience since we have been with this project. There is no such thing as a detailed fixed asset listing and this has been a problem with the Pertamina auditors. But what I did this specifically with the inventory that I was given by Nordell was I took that to the field and I was there for, at least to the best of my recollection, about 4/5 days and I took the listing that had been given to me and I took every significant item on that listing above -. I think I had a cut off of something like $20,000/$25,000 and I tried to

identify the significant items, the inventory items. Going through that listing on an item by item basis, the results were not too bad. I would estimate on the significant items, probably 75/80 per cent of the things I was able to look at. And so I checked off those items verifying the physical existence of those items and brought that listing back to Jakarta. The problem was using the values that were on that inventory listing, and comparing that with the values on the books, there were something like a medium four, medium five I don't remember the number precisely, difference between the values - the inventory that was listed on the detailed listing and what was on the books. So we said well we have got an inventory fixed assets shortage of approximately 1.4 million. And I think Mr Gros Dubois mentioned that in his testimony yesterday, as having been used in the negotiations to just the early balance, arriving at 21.2 million. So over time, from that point forward, we were trying to - and after I came here on a permanent basis, and even well into 1990, we were trying to get the books corrected for fixed assets and inventory. And that was finally completed in the KPMG work on the inventory side, of it in 1990.

Q: *Was this a subject that Mr Poulton was given to fix?*

A: *Yes, sir.*

Q: *Can you fix it?*

A: *Mr Poulton did not fix it. No. He worked on it for a period of approximately 15/16 months and it was a very difficult project. And a very different project, to get a handle on and often we had to have some KPMG staff people to come in to complete the project.*

Q: *And the KPMG staff did they complete it?*

A: *Yes sir, they completed it in within about 5/6 weeks.*

Q: About what time of 1990 did they start? Do you remember?

A: The best I recollect, the latter part of April and first part of May.

Q: While I am on the subject and I know we are shooting out of the interim period just a second, but I am going to take you forward a few months in Mr Poulton's department. I would say he was a little bit upset the other day he was testifying. One of the things he says was upset about is Claimant's '52' which was a letter to him on May 8, 1990. Does that have your signature on it.?

A: Yes, it does.

Q: This is the letter that said, 'Rick, you've not recognized and conformed in the agreement we made. Unless I see you in my office before Friday 11, May 1990, I be forced to cancel the following documents and you will be on the black list with the Indonesian government! Why did you write that letter?

A: I didn't write that letter. I signed that letter. The letter is - beginning I will be forced to cancel the following documents and you will be on the blacklist of the Indonesian Government,' that is a direct quote of the administrative manager for P.T. Budi Saski who had the consulting contract and the work permit and paid the taxes, the Indonesian taxes for Mr Poulton. Mr Poulton had not come back to the office to do his final closing out work to get his final visa to leave the country. To get his final passport documented for that purpose and the cancellation of his work permit, and P.T. Budi was calling us on a daily basis, 'where is Mr Poulton? We had to have these documents to get him out of the country in the time specified. We could not contact Rick and the times we did contact him I think it was through Bill McClure. He and Bill had some - there isn't the kinds of words to say about each

other. Along the way and it got off into a kind of an unfavorable and unhappy circumstance, but the reason we did this letter was because we were getting heavy pressure from P.T. Budi to get this done and so I had Titi, who is our Indonesian Administrative Manager, dictate from P.T. Budi's administrative manager word for word what should be said to Mr Poulton and this is what she wrote and handed to me and said, 'These were his exact words and he wrote to put on the Indonesian black list the unless he compiles,' and I said 'Well Mr Poulton should have that message,' and I signed it and sent out it gun.

Q: *Mr Poulton testified that he took a hard disk worth of materials with him that he back to the States to solve the Enim problem. Did he tell you that when he left?*

A: *He sure didn't.*

Q: *Did you authorize him to take a hard disks away for information?*

A: *No sir.*

Q: *When did you learn about him taking that information?*

A: *in the testimony here. I heard some people mention that, and thought perhaps he had. I did not know until he said so himself.*

* * *

Q: I want to pass from the due diligence time, Mr Keever, to the period of time that you came back after the audit was complete. Can you put a day on that for the panel, one more time?

A: I left Jakarta towards the end of September about 25/26 September and I went back to Dallas for the entire month of October, while negotiations continued and I return to Jakarta, November 21, 1988.

Q: And you went there with the exception of leave of the United States Senate can you describe basically of the office when you saw it on November 21, 1988?

A: Well the office is vastly different right now, physically. We have re-done the right side of the office and made some other additional office and whatever and have changed the physical environment quite a lot. I guess my comments all related to the accounting area is.-

Q: What I want, is to explain to the panel what the condition of the files were. *What was happening to those kinds of things, accounts payable, vendors?*

A: *When I returned to Jakarta on November 21 1988 Mr Pat Murphy was there.* He arrived the middle of October. Mr Henry Hills, who Mr Mcadoo had brought in as an Indonesian consultants was there and the two of them were involved in the analysis of invoices for payment to creditors. *The entire left side of the building, from the front of the building to the back of the building there a long hallway, was filled with stacks of invoices and they were just rolled up neatly along the wall by - in alphabetical order and they literally reached from the front of the building to the back of the building, which was probably a distance of 200 feet in my estimation.* And the stacks were from this side to some this side on...of the contractors. And what Mr Hills had done was, he said, 'I got to find these invoices first before I can determine how much we owe these people.' *And he had physically scoured the office and he had found invoices in the desks of many, many people, over in the accounting people and the operations people desks, through out the building according to them.* I was not there when they initially started the stacks but they indicated to me that *they had physically found invoices tucked in every drawers that they could open and in many, many respects.* So what they had done is to accumulate all of this paper, put in stacks, in alphabetical stacks, and they started at the front of

the room and worked that stack off. And working that stack of invoices from the time I arrived there until that hallway was clean, was probably a period of 90 days, on into February next year.

* * *

Q: *By the way Mr Keever let me go forward for just a second with Mr Callaway's visit. Did you put any limitations or restrictions on what Mr Callaway did?*

A: *No sir. I was glad that Mr Callaway was there.*

Q: *Did you put any restrictions on what he could look at in terms of rigs, rig issue for example?*

A: *No sir.*

Q: *Did you put any restrictions on him what conclusions he should make?*

A: *No sir.*

* * *

Q: Mr Keever so we have a Pertomina audit on going on March 1989, Mr Poulton coming in for inventory in transit?

A: Right.

Q: Was the project also involved in the process of sharing rigs for the project ?

A: Yes indeed.

Q: That is the question I referred to the testimony to Mr Callaway about Mr McDonough about?

A: Yes.

Q: About two three months later there was a *tax audit?*

A: *This was an audit that was conducted in Vancouver in June of 1989, BP/KP and Pertomina auditors went on that trip*

Mr Hariendja our Indonesia Finance Manager went and I also accompanied them to Vancouver. We were in Vancouver about two weeks and then on completion of that audit which resulted in the tax settlement of $150,000 that we have already discussed here on couple of occasions they weren't discussed that further. After that we took that same group from Vancouver to Dallas just for an opportunity to meet the people in Dallas and to see the Dallas Headquarters they never been there before. So we were in Vancouver two weeks and Dallas one week and then returned to Jakarta.

Q: *Were the taxes that resulted from Vancouver tax audit result activity by Triton Indonesia?*

A: *No sir. Those were as result by activity by Nordell.*

Q: I take it that the result of the tax audit has been concluded?

A: The results of the audit was complete and there was an audit report that was issued shortly after our return to Jakarta.

* * *

[Questioning by Mr. Walker]

Q: Let me ask you Mr Keever, while on the subject of audit, I ... KPMG for just a second. By the way have you looked at KPMG's report, *claimant's '54'*?Is that the October report?

A: Yes sir.Yes sir, I have.

Q: And you agree to the numbers in the report??

A: I think the numbers as stated are correct.

[Continued Questioning by Mr. Flegle]

Q: Alright. Let me ask you this last question and I move off the issue of auditing. As I ask about Mr Maupin?

A: Yes sir.

Q: He has given us a testimony about the audit work or the accounting work that he performed in *April 1990.*

A: Yes.

Q: *Did you meet Mr Maupin when he arrived in Jakarta?*

A: *Yes I did.*

Q: *Can you tell the panel about what you recall about the first meeting with Mr Maupin?*

A: *Mr Maupin* came to the office with his associate, Mr Jerry Robertson, and Bill. They came to Bill McClure's office. He brought them in to see me and we sat and talked for a period of at least 30 minutes I would say and *I told Mr Maupin that it was fine that he was there and we would try to provide him with any information he needed. And I also told him that if he didn't get what he wanted, that he knew where I was and to please see me and let me know if there was any problem with the audit.* In Jakarta, my office sits right at the corner and I can see the entrance and exit and I see any one that comes and goes throughout the day just out the corner of my eye and each day I saw Mr Maupin and Mr Robertson coming in and each day I saw Mr Robertson and Mr Maupin go out and at no time during the three week period that they were there, did they ever stop and say anything other than good morning when they came in and when they went out at night, they waved to say good night. *They never once told me that there was a problem with Mr McClure's furnishing of any information, of their physical surroundings or that they were being treated less than were appropriately in any way. The only conversation I had with Mr Maupin, other than just to say hello and good evening, was when he came by on Thursday of the third week that he had been there and he and Mr Robertson stood at my doorway. They did not come into the office. I was sitting at my desk and Mr Maupin said, 'Mr Keever, we're done and we're leaving', and I said 'Well, I*

thought we had an exit conference scheduled for 9.00 in the morning. I have it on the calendar' I still have it on my calendar. I have it in my room at the hotel, and he said well they were done and they had to leave, that they were going to leave. Bill McClure was not in the office. I think he was at the SOS medical with a sick child that day and so I came - they went ahead and left. Bill came back the next morning and I said, 'Bill, Paul and Jim Robertson have already gone', and he was shocked that they had left without attending the exit conference.

* * *

Q: *Mr Maupin left Thursday night?*

A: *Yes sir.*

Q: *Did he hand anything to you?*

A: *No sir.*

Q: *Any work papers to you?*

A: *No Sir.*

Q: *Did he leave any exceptions or any findings?*

A: *No sir. He did not say one word about findings.*

MR ARMOUR: Did he say whether or not he had completed his audit, to any one?To the best of my recollection, he said, 'We're done'. That's all he said, he didn't elaborate when he left.

* * *

[NORDELL SUBMISSIONS]

MR WALKER: Before we begin with Mr Hite, and I do want to be as short a time as possible as I can be with him, I want to speak a bit about narrowing the issues and trying to make this week go faster than it might go. We all set our minds to it over the weekend and gave a great deal of thought as to how we could narrow the issues and at this point of the arbitration.....put things aside, what really are the issues in this case.

The issue of fraud is one that I would like to discuss briefly. You'll recall the other day when I tried to define the issues of the case, I mentioned that fraud is one that we really don't have to get to in order to determine that there's been a default or that the forfeiture remedy is applicable. There have been...failure to pay cash calls. There have been defaults because Nordell's not got its proper share of the Pertamina payment.

Mr Armour, you asked us a while ago, you pointed out quite properly that when this arbitration was brought, there was not a specific claim relating to fraud and you asked us if we wanted to have the panel make a determination that there's been fraud on the part of Triton, we ought to file an amendment to the pleadings. We thought about that and we reviewed the bidding and we determined the course that most of the evidence which we think goes to the issue of fraud has come out just in the last several weeks during the course of this arbitration. I have in mind Mr Murphy's testimony and Mr Murphy's schedule, Exhibit No. 44, the KPMG report which indicates the cash calls were being paid. Journal entries, we got - and we're going to talk a little later about journal entries, the....of the journal entries, giving us about 20 per cent....and even in the ones that we got, as you'll see shortly, there's dramatic evidence of fraud. But since we've only begun to get the evidence of fraud, that process is not complete. Since it's not necessary to the final determination of this arbitration, we've decided that - another reason we're not ready to go forward with this is a lot of this is going to depend on testimony of Triton people who want us to implore we want Mr Tatum, we want Mr Gore, we want Mr Read. They are apparently not here, so it's not something that's going to be dealt with in this arbitration.

So my point is simply this. We have decided not to abandon our demand for arbitration. We are not going to ask the panel to make findings relating to fraud. We are going to leave that for another time and another place. It is not necessary for the panel's determination. *The same evidence that goes to fraud*

goes to the issues of breaches of contract, breaches of fiduciary duty. The same evidence is a basis for the remedy that we're going to ask for, so it's not necessary. So we're going to ask you to make a ruling at this time that the panel is not asked to determine whether Triton has engaged in fraudulent conduct, and that you're not making any such determination. I think that would narrow the issues in the case dramatically.

* * *

MR WALKER: I have no problem with the sealing of Mr Callaway's testimony and I can assure the panel and Mr Flegle that we have no intention of using Mr Callaway's testimony outside these arbitration precedence. Testimony should be transcribed, it was important testimony, should be part of Callaway's testimony, there is considerable doubt as to the validity of any invoices. Based on Mr Callaway's testimony, there is at least a possibility that the charges for rigs about which he testified were made to Nordell and there is at least the possibility that the double charging to those rigs took place at a time during the computation of the carry. There will be further testimony about this. *My point is simply, I have no problem with the sealing of it, I have no problem with assuring the panel that we are not going to use it except for purposes of this arbitration, but it should be transcribed and part of the records.*

With respect to Exhibit '90' [the Callaway memorandum], I feel the same way. You've indicated to us off the record - you think it would be a good idea for us to take that back. We will do that. I would prefer not to withdraw the exhibit, I mean, it's an important exhibit in this case. At the conclusion of the case, and after your decision has been reached, I agree you should give us back that exhibit and others and we will take steps to see that it is not ..in the way that it should not.

MR ARMOUR: Mr Flegle?

MR FLEGLE: I guess, Your Honour, my concern is what we have discussed informally, relating to the record. I would urge the panel to collect the costings of Exhibit '90' now, send them back to the accountants for Nordell for their keeping and ....documents have been - if we are going to transcribe Mr Callaway's testimony, only one copy to be made and that copy is handed to the panel.

MR ARMOUR: Yes, we only have one copy of the testimony and we have it. And that also, you will keep the exhibit.

* * *

MR ARMOUR: we intended to permit, any testimony or evidence to come into this case from the time it started till the time it ends. And whether it's oral or written, we've permitted it to come in and we think that we shouldn't vary from that procedure. There are a lot of accusations back and forth - you didn't do it, you didn't do this, or you said this or you said that. But I think we want to hear everything and see everything that pertains to the issues here and it's important. Now what weight we give to it, is another matter.

MR GRZANKA: Alright, I withdrew rule the objection before we broke.

MR ARMOUR: This is an arbitration proceeding and that's why you arbitrated. It's not a trial, it's not a criminal trial, and we think it's important to hear what every party has to say. Proceed please.

[Emphasis Supplied]